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C O N F I D E N T I A L STATE 201457

FOR ASSISTANT SECRETARY ROGERS

FOLLOWING REPEAT LIMA 6864, SENT SECSTATE AUGUST 22:

QUOTE C O N F I D E N T I A L LIMA 6864

EO 11652: GDS

TAGS: EINV, EGEN, EMIN, PFOR, PE, US

SUBJ: MARCONA NATIONALIZATION - GOP DECLINES TO PRESENT

DRAFT PROPOSAL

TO MARCONA, COMPTON RETURNS HOME

REFS: A) LIMA 6804, B) LIMA 6793

1. SUMMARY: THE AFTERNOON OF AUGUST 22 AMB DE LA PUENTE INFORMED JAMES COMPTON THAT, ALTHOUGH GOP TEAM HAD PREPARED A DRAFT PROPOSAL ON SHIPPING AND SALES FOR MARCONA'S CONSIDERATION, THE TEAM "WAS NOT AUTHORIZED" BY GOP MINISTERS TO PRESENT IT TO MARCONA AND HE THEREFORE WISHED COMPTON A "PLEASANT TRIP HOME." BEFORE DEPARTURE FOR SAN FRANCISCO, NIGHT OF AUGUST 21, COMPTON ASKED DE LA PUENTE IF IT WOULD SERVE A USEFUL PURPOSE FOR MARCONA TO MAKE A PROPOSAL TO GOP INSTEAD OF THE OTHER WAY AROUND (REF A). DE LA PUENTE REPLIED THAT THE NEXT MOVE IS UP TO MARCONA. COMPTON NOW BELIEVES THAT PRESENT PROSPECTS FOR ANY FORWARD MOVEMENT HAVE DECREASED, BUT WILL DISCUSS WITH MARCONA MANAGEMENT THE FEASIBILITY OF
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MARCONA MAKING AN OFFER TO GOP. IF MANAGEMENT AGREES,

COMPTON MIGHT RETURN TO LIMA NEXT WEEK. END SUMMARY.

2. MORNING OF AUGUST 21 DE LA PUENTE AND DELGADO TOLD COMPTON THAT THEY (AND BROUSSET) HAD WORKED THROUGH THE PREVIOUS NIGHT AND HAD PREPARED A PERUVIAN DRAFT PROPOSAL FOR REINSTATEMENT OF SHIPPING CONTRACTS WITHOUT PREJUDICE TO NEGOTIATIONS FOR RESOLUTION OF CENTRAL ISSUE, WHICH WOULD BE PRESENTED THAT AFTERNOON FOR COMPTON'S CONSIDERATION. DE LA PUENTE SAID THAT THE DRAFT PROPOSAL WOULD BE PRESENTED TO PRESIDENT VELASCO AND OPTIMISTICALLY TOLD COMPTON THAT WHEN THE PAPER WAS READY IT MIGHT BE WORTHWHILE TO BRING FURTHER BACK FROM SAN FRANCISCO. DE LA PUENTE TOLD COMPTON HE WOULD CALL HIM LATER THAT AFTERNOON TO PRESENT THE PAPER.

3. IN THE AFTERNOON DE LA PUENTE CALLED COMPTON TO TELL HIM THAT THE PROPOSAL HAD BEEN CONSIDERED BY THREE MINISTERS (PROBABLY FORNMIN DE LA FLOR, COMMERCE MIN ARIAS GRAZIANI, AND MINES MIN FERNANDEZ MALDONADO). DE LA PUENTE CONTINUED THAT THE MINISTERS "NEITHER ACCEPTED NOR REJECTED THE PROPOSAL," BUT DID NOT AUTHORIZE THE PRESENTATION OF THE PROPOSAL TO COMPTON. DE LA PUENTE THEN WISHED COMPTON A PLEASANT TRIP HOME, GAVE HIM HIS HOME TELEPHONE NUMBER, AND TOLD HIM THAT IF MARCONA WISHES TO MAKE A PROPOSAL TO LET HIM KNOW.

4. AFTER CONSULTATION WITH THE AMBASSADOR, COMPTON CALLED DE LA PUENTE FOR CLARIFICATION. COMPTON SPECIFICALLY ASKED DE LA PUENTE IF MARCONA SHOULD PRESENT A PROPOSAL. DE LA PUENTE MERELY REPLIED "THAT IS UP TO YOU." COMPTON THEN ASKED IF THE GOP TEAM HAD BEEN DISBANDED. DE LA PUENTE EQUIVOCATED. WHILE THE TEAM IS NO LONGER OFFICIALLY FUNCTIONING, DE LA PUENTE NOTED THAT SOME OF THE SAME PEOPLE WOULD BE PREPARED TO MEET WITH COMPTON AND FURTHER. DE LA PUENTE THEN ADDED THAT "POSSIBLY EVEN OTHERS" (AT A HIGHER LEVEL) COULD BE INCLUDED.

5. COMPTON TOLD EMBOFFS THAT, IF THE DECISION WERE HIS, HE WOULD MAKE A PROPOSAL; HOWEVER, HE IS UNSURE WHETHER MARCONA MANAGEMENT WILL CONTINUE TO "PLAY POKER A LA CONFIDENTIAL

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PERUANA." MARCONA IS UNDER CONSIDERABLE PRESSURE TO MAKE IMMEDIATE USE OF ITS IDLE SHIPPING FLEET AND SOME IN ITS MANAGEMENT WILL PROBABLY FAVOR ONE LAST TRY WITH THE GOP. COMPTON BELIEVES IT LIKELY THAT HE MAY BE AUTHORIZED TO RETURN TO LIMA NEXT WEEK FOR ONE FINAL EFFORT AT CONVERSATIONS.

6. COMMENT: WE BELIEVE THAT FACE-SAVING PLAYS A SUB-

STANTIAL PART IN APPARENT GOP REVERSE WHICH OCCURRED
ON AUGUST 21. AS COMPTON NOTED TO US, DURING ALL THE
YEARS OF DISCUSSIONS WHICH LED TO THE SIGNING OF VARIOUS
GOP CONTRACTS WITH MARCONA, THE GOP NEVER MADE A PRO-
POSAL OF THEIR OWN, AND THE PERUVIAN MILITARY MAY FIND
IT DEMEANING IN THEIR OWN EYES TO MAKE A PROPHUAL TO
THE COMPANY. THERE COULD WELL BE A CONSIDERABLE
AMOUNT OF SELFPROTECTIVE MANEUVERING ON THE PART OF
THE GOP TEAM AS WELL, EITHER TO BUILD A RECORD TO PROVE
THEY TRIED TO REACH AN ACCOMMODATION WITH THE COMPANY,
BUT FAILED (PRESUMING THE GOP HAS DECIDED NOT TO HOLD ANY
SERIOUS DISCUSSIONS), OR TO COVER THEMSELVES IN CASE A
MUTUALLY ACCEPTABLE SOLUTION IS FINALLY REACHED (SEE COMMENTS
REF A). DEAN UNQUOTE. MAW

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